

PROPERTY ASSESSMENT APPEAL BOARD

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2019-025-00139R

Parcel No. 12-11-377-005

Jason and Kelly Parkin,

Appellants,

vs.

Dallas County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on January 17, 2020. Jason and Kelly Parkin were self-represented. Dallas County Deputy Assessor Brian Arnold represented the Board of Review.

Jason and Kelly Parkin own a residential property located at 5400 166th Court, Urbandale. The property's January 1, 2019 assessment was set at \$540,470,¹ allocated as \$90,000 in land value and \$450,470 to the dwelling. (Ex. A).

Parkin petitioned the Board of Review contending there was an error in the assessment. Iowa Code § 441.37(1)(a)(4). (Ex. C). The Board of Review denied the petition. (Ex. B).

The Parkins reasserted their claim to PAAB. They claimed inequity as compared with assessments of other like property and that the property is assessed for more than the value authorized by law under section 441.37(1)(a)(1 and 2).

¹ Board of Review Notice to Property Owner indicates assessed value after the Petition is \$528,340. Board of Review asserts this is in error. (PAAB Hearing).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2019). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code Rule 701-126.2(2-4). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. *Id.*; see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005).

Findings of Fact

The subject is a one-story home built in 2017 on a 0.74-acre site. It has 2145 square feet of gross living area with 1615 square feet of living-quarter quality finish in the basement. It also has two open porches, a patio, and a three-car attached garage. The dwelling is listed in normal condition with a 1-05 (superior quality) grade. (Ex. A).

Kelly Parkin testified they custom built the property and carried the construction loan themselves. Agent commissions were only paid on the lot and no commissions were paid on the dwelling. The Parkins built the property in 2017 after purchasing the lot in 2016 for \$95,000. (Ex. A). They submitted a cost breakdown indicating a total cost of construction including the lot of \$487,080. (Ex. 4). Because the subject is a custom built home, no arms-length sale price is available.

Jason Parkin testified he had discussions with every realtor he knows and in their opinions his home would sell for less than its assessed value. Parkin also testified that recent construction in the subject's development is of much lower priced homes and there is a plan to build multi-family and townhomes immediately to the west of the subject. He believes this will have a detrimental effect on his property's market value. The Board of Review questioned if Parkin had any resale evidence supporting his claim. He stated because the subject is in a newer development there are no recent resales.

The Parkins submitted three separate valuations including an appraisal and two comparative market analyses (CMA). (Exs. 1, 6, 7, & C).

The appraisal was completed by Michelle Azinger of The Appraisal Company, Urbandale, Iowa. (Ex. C). The appraisal was completed for mortgage loan purposes during the construction of the subject.

Azinger concluded a value of \$481,000 as of April 2017 for the subject property. She developed the sales comparison and cost approaches to value. She gave most consideration to the cost approach “[d]ue to lack of sales and a range of quality and features in one story, custom built homes.” (Ex. C, p.2). She relied on MARSHALL AND SWIFT RESIDENTIAL COST HANDBOOK and actual builder cost breakdowns to develop the cost approach. (Ex. C (Cont), p. 3). Her opinion of site value was consistent with the Parkins’ land purchase, she applied a \$10,000 adjustment for external obsolescence to the improvements, and concluded an opinion of value by the cost approach of \$481,207.

Azinger reported the subject was a custom built home and had not been offered for sale on the market. She analyzed three sales that closed between December 2016 and April 2017, as well as one active listing. The comparables are summarized in the following table. (Ex. C (Cont), pp. 3 & 4).

Comparable	Sale Price	Gross Living Area (SF)	Basement Finish (SF)	Adjusted Sale Price
Subject		2145	1500 ²	
1 – 16424 Deerfield Dr	\$517,553	1875	1436	\$506,813
2 – 5327 163rd St	\$465,098	2398	1197	\$451,938
3 – 16401 Deerview Dr	\$464,900	1966	1560	\$469,020
4 – 5528 149th St	\$489,900 ³	1929	1800	\$483,500

All are new one-story properties like the subject.

Azinger adjusted the sales for differences between them and the subject property for location, site size, quality of construction, room count, size, basement walk-out, basement finish, and additional amenities. After adjustments, the sales indicated a

² Because the appraisal was completed during construction, the subject’s features, as listed in the appraisal, are somewhat different than are currently listed on the subject’s property record card. For instance, the appraisal lists 1500 square feet of basement finish while the property record card lists 1615 square feet of basement finish.

³ Comparable 4 was an active listing at the time of the appraisal. List price is shown on grid and appraisal.

range of value between \$451,938 and \$506,813; Azinger concluded a value of \$481,000 for the subject property. (Ex. C (Cont), p. 3).

The Board of Review questioned the relevance of Azinger's appraisal because it was dated nearly two years prior to January 1, 2019. The Board of Review submitted more recent sales it asserts are comparable to the subject. (Exs. D-K).

The Parkins also submitted CMAs created by local real estate agents. (Exs. 6 & 7). The first CMA was by Jennifer Paulsen, RE/MAX Concepts, Urbandale prepared on December 12, 2019. (Ex. 6). The second was prepared by Jim Hibbs, Coldwell Banker Mid-America Group, REALTORS, as of December 13, 2019. Both CMAs relied on 2019 sales.

Paulsen did not opine an opinion of value. However, she did include ten comparable properties that were adjusted for differences between them and the subject to arrive at an indicated range of value for the subject. The ten comparables include six properties that sold in 2019. The following table summarizes the 2019 sales. (Ex. 6).

Comparable	Sale Price	Gross Living Area (SF)	Basement Finish (SF)	Adjusted Sale Price
Subject		2145	1615	
1 – 14719 Bentwood Cr	\$350,000	1511	971	\$390,290
2 – 14824 Coyote Dr	\$359,900	1506	1054	\$398,290
3 – 14708 Bentwood Cr	\$374,900	1506	1054	\$413,290
4 – 16424 Deerview Dr	\$379,900	1506	1084	\$417,540
5 – 5009 160th St	\$470,000	1982	1650	\$468,330
6 – 16221 Goldenrod Dr	\$499,900	1860	1333	\$518,925

All of the properties are one-story homes like the subject. All of the sales have less gross living area than the subject, and Comparables 1, 2, 3, and 4 are nearly 30% smaller. Based on the reported data, all of the sales are located on smaller sites, some significantly so. Comparable 5 was ten years old when it sold; the remaining sales were new construction. No age, condition, or site adjustments were made to the comparables. All of the sales sold in 2019 but Sales 1, 2, and 6 were listed in 2018 and appear to have been actively marketed as of the assessment date.

Paulsen reported the range, average, and median adjusted price and adjusted price per square foot of the comparables. The adjusted sale prices of the closed sales

ranged between \$390,290 and \$518,900, with an average of \$434,400 and a median of \$415,400.

Parkin also submitted a CMA prepared by Jim Hibbs, Realtor, in December 2019. (Ex. 7).⁴ Hibbs opined a value of \$471,702; or \$220 per square foot which is the average of the sale comparables. Hibbs includes a large amount of market data in his report with a large range of sale prices and features in his comparable properties. The Board of Review was critical because much of the data was for properties that sold for less than \$300,000. Hibbs selected and compared six sale properties but made no adjustments for differences between them and the subject property. These properties are located outside of the subject's immediate neighborhood, four of the six properties have less gross living area, and all have smaller sites than the subject. The unadjusted sale prices ranged between \$375,000 and \$519,600, with a median of \$416,000. (Ex. 7, p. 15-22).

Lastly, the Parkins submitted the property record cards for two one-story homes located on the subject's cul-de-sac street. (Ex. 2 and 3). Both sold in 2018 and have assessed values and sale prices less than the subject's assessed value. The Parkins believe this supports their claim the property is over-valued.

The first property, 5408 166th Court, has 2000 square feet of gross living area with 1465 square feet of living-quarter quality basement finish. (Ex. 2). It sold in December 2018 for \$425,000.

The second property, 5415 166th Court, has 1809 square feet of gross living area with 1495 square feet of living-quarter quality basement finish. (Ex. 3). It sold for \$440,000 in August of 2018.

Both properties have less gross living area, basement finish, and patio/porch area compared to the subject. They also have smaller garages and sit on smaller sites as compared to the subject. Their sale prices are below the subject's construction costs. Based on these differences, we would expect the subject's market value and assessment to exceed the sales prices and assessments of both of these comparables.

⁴ Exhibit 1 is a truncated version of a CMA completed by Hibbs in April 2019. Exhibits 1 and 7 differ slightly in their indications of value.

The Parkins did not adjust these two properties to arrive at a value for the subject and submitted no additional evidence regarding these properties beyond the property record cards. Arnold was unable to explain why these properties were not used for comparison to the subject but believed it was because they were constructed by a different builder and had differences in quality of construction. He also noted they have less gross living area than the subject but conceded some of the Board of Review's comparables were similar in size to these nearby sales.

The Board of Review submitted six sales adjusted for differences between them and the subject property. These properties are summarized in the table below. (Ex. D).

Comparable	Sale Price	Grade	Gross Living Area (SF)	Basement Finish (SF)	Adjusted Sale Price
Subject		1-05	2145	1615	
1 – 3683 NW 167th	\$591,718	1-10	2282	1880	\$559,558
2 – 14629 Brookview	\$514,741	1+05	1844	1340	\$542,171
3 – 14902 Coyote	\$545,000	2+10	2087	1820	\$530,435
4 – 930 Fox Valley	\$515,000	2+05	1790	1465	\$522,275
5 – 940 Fox Valley	\$538,416	1-10	1819	1450	\$544,711
6 – 3678 NW 164th	\$530,000	1-10	1858	1650	\$543,710

The Board of Review's comparables are all one-story properties located in Urbandale, Clive, and Waukee; all within the Waukee School District. (Ex. E). Arnold testified the comparables were selected due to being built by the same builder, having similar design, and being recent sales. The subject's assessed value is toward the middle of the range of adjusted sale prices and the Board of Review asserts this supports the assessed value. (Exs. D-K).

The Parkins were critical of the sales because they were not located in their development and they assert many are in superior locations. We note negative location adjustments were made to Sales 4 and 5.

Kelly testified Comparable 1 was built by the same builder as their property and was based upon the subject's floorplan, but with larger rooms which resulted in more living area. She further asserts Comparable 1 was higher in quality of construction and had additional upgrades. It is located within a half block of a former home show area that includes \$900,000 and \$1,000,000 homes. In her opinion this is a superior location to their property.

The Board of Review noted Comparables 1, 4, and 5 were built by the same builder as the subject property. Comparables 3, 4, and 6 were re-sale properties. We note the adjustments to Comparable 4 are based on its August 2019 sale price and not the lower April 2018 sale price. Additionally, though Comparable 4 showed appreciation in value, Comparable 6's sale prices show a decline in value from December 2016 to December 2018.

Analysis & Conclusions of Law

The Parkins assert the subject property is inequitably assessed and assessed for more than the value authorized by law. § 441.37(1)(a)(1 & 2).

The burden of proof is upon the taxpayer, who “must establish a ground for protest by a preponderance of the evidence. *Compiano*, 771 N.W.2d at 396. But when the taxpayer “offers competent evidence that the market value of the property is different than the market value determined by the assessor, the burden of proof thereafter shall be upon the officials or persons seeking to uphold such valuation.” Iowa Code § 441.21(3). To be competent evidence, it must “comply with the statutory scheme for property valuation for tax assessment purposes.” *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 782 (Iowa 2009) (citations omitted).

To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). The Parkins offered no evidence that the Assessor applied an assessment method in a non-uniform manner.

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual values (2018 sales) and assessed values (2019 assessments) of comparable properties, the subject property is assessed at a higher portion of its actual value. The record includes several 2018 sales, but because the *Maxwell* test requires a showing of the subject property's actual market value and the Parkins' over assessment

claim requires the same showing, we forgo further equity analysis and turn to the over assessment claim.

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer*, 759 N.W.2d at 780.

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* The sales comparison method is the preferred method for valuing property under Iowa law. *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 398 (Iowa 2009); *Soifer*, 759 N.W.2d at 779; *Heritage Cablevision v. Bd. of Review of Mason City*, 457 N.W.2d 594, 597 (Iowa 1990).

The first step in this process is determining if comparable sales exist. *Soifer*, 759 N.W.2d at 783. "Whether other property is sufficiently similar and its sale sufficiently normal to be considered on the question of value is left to the sound discretion of the trial court." *Id.* at 782 (*citing Bartlett & Co. Grain Co. v. Bd. of Review of Sioux City*, 253 N.W.2d 86, 88 (Iowa 1977)). Similar does not mean identical and properties may be considered similar even if they possess various points of difference. *Id.* (other citations omitted). "Factors that bear on the competency of evidence of other sales include, with respect to the property, its '[s]ize, use, location and character,'" and, with respect to the sale, its nature and timing. *Id.* (other citations omitted). Sale prices must be adjusted "to account for differences between the comparable property and the assessed property to the extent any differences would distort the market value of the assessed property in the absence of such adjustments". *Id.* (other citations omitted).

In this appeal we find the Parkins have submitted an appraisal of the subject from 2017, two recent CMA's, and two properties located on the same street that sold in 2018. All of this evidence indicates the subject's 2019 assessment is excessive. While some sales are unadjusted and some sales too dissimilar to be truly comparable or

reliable, we find this evidence sufficiently complies with the statutory scheme to shift the burden of proof to the Board of Review to uphold the assessment.

In support of the assessment, the Board of Review submitted six 2018 sales, three of which were built by the same builder, and adjusted them for differences to the subject. The Board of Review concluded a range of value for the subject between \$522,275 and \$559,558, with the subject's 2019 assessment within the range.

The Parkins were critical of the location of the comparables. Although two of them were adjusted for location differences, the Parkins' testimony causes us to question whether other sales also required location adjustments.

Viewing the record as a whole, we conclude the Board of Review has not offered sufficiently persuasive evidence to support the current assessed value. Although the Board of Review submitted sales and adjusted them for differences to the subject property, when considered in conjunction with the Parkins' evidence, we believe the property's assessment is excessive. We now consider the evidence to determine the property's correct value. *Compiano*, 771 N.W.2d at 397 (if the grounds of protest have been established, the property's correct value must be determined based on all the evidence) (citations omitted).

The subject property was a custom built property and therefore did not have a normal arms-length sale. However, the Parkins submitted a mortgage appraisal prepared by Michelle Azinger appraising the property for \$481,000 as of April 2017. Azinger's analysis was based on one 2017 sale and two 2016 sales. We note the record includes more recent sales. Even so, Azinger's conclusions suggest Paulsen's and Hibbs' analyses undervalue the subject property.

The Parkins submitted a cost breakdown indicating the total cost of construction was \$487,080. Here we note the total cost indicated by Parkin did not include typical commission expenses and they directly carried the construction loan. Given the time that has taken place since these costs, we find this information undervalues the subject's January 2019 value.

The Parkins also submitted Paulsen's and Hibbs' CMAs. Paulsen did not opine a final opinion of value for the subject property but indicated an adjusted sale price range

for the subject between \$390,290 and \$518,925. Hibbs considered six sales, with prices ranging from \$398,000 to \$519,600. He concluded to the average price of the unadjusted sales which is \$471,702. The Hibbs' CMA has selected comparables but no adjustments are made to the comparables and the final value opinion is the unadjusted average sale price of the comparables.

Lastly, the Parkins submitted two recent nearby sales that are inferior for various reasons, but are similar in style and location. While not adjusted for differences between them and the subject, these sales are the most similar in location to any of the comparables offered into the record.

The Board of Review's six sales indicated a range of value for the subject between \$522,275 and \$559,558. Of these, we tend to find Sales 3 and 6 most comparable and note they required the least amount of gross adjustments.

Viewing the record as a whole, we find the upper end of the CMAs' and the lower end of the Board of Review's indicated value ranges to be the best approximation of the subject's fair market value. Giving most weight to Sale 3 and in consideration of all the evidence, we find \$530,000 to be a fair and accurate representation of the subject's market value.

Order

PAAB HEREBY MODIFIES the Dallas County Board of Review's action. Based on the foregoing, we order the subject property's January 1, 2019 assessed value be set at \$530,000.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

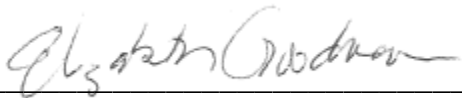
Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.19 (2019).



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

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